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**To the U.S. House of Representatives Subcommittee on Railroads
Hearing on “The U.S. Rail Capacity Crunch”
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Mr. Chairman, my name is Frank Busalacchi. I serve as Secretary of the Wisconsin Department of Transportation and Chairman of the States for Passenger Rail Coalition. I also was recently appointed to the National Surface Transportation Policy and Revenue Study Commission, which will address the current condition and future needs of the nation's transportation system.

The States for Passenger Rail Coalition is a group of 27 state transportation agencies that support U.S. intercity passenger rail development. The coalition's mission is to promote the development, implementation and expansion of intercity passenger rail services with involvement and support from state governments. Our primary goal is the enactment of a comprehensive federal intercity passenger rail program that provides sufficient capital funding to the states to implement planned corridor improvements throughout the country. A map of our member states is attached.

While I am here today representing the States for Passenger Rail Coalition, virtually all of our state members have various kinds of freight rail support programs, and we are also vitally interested in maintaining the competitiveness and efficiency of our nation's freight railroads.

Our coalition was founded in 2000 during a period of emerging state interest in US intercity passenger rail development. This interest is driven by a number of factors:

Thirteen states currently provide funding to support intercity corridor services in partnership with Amtrak. These state-supported services provide 37 percent of Amtrak ridership and about half of Amtrak's daily trains.

Some 35 states in the country have developed transportation plans that call for intercity passenger rail improvements as one way to provide additional mobility choices for their citizens and to address increasing congestion on our highways and at our airports.

Finally, widespread public demand for intercity passenger rail service is reflected in robust increases in intercity passenger rail ridership throughout the country. For example, the Hiawatha Service between Milwaukee and Chicago supported by the states

of Wisconsin and Illinois set an all time record in 2005 with 544,000 riders – a 15.8 percent increase over the prior year, which was also a record. Similar increases in ridership are evident in state-supported services throughout the country. For example Pennsylvania's Keystone Service, Illinois' Chicago-St. Louis Service, Maine's Downeaster and Oklahoma's Heartland Flyer also had double digit increases in 2005.

However, while public demand is growing, rail congestion throughout the country has become a significant threat to states supporting or desiring to implement new passenger rail service. Virtually all current and planned state-supported services operate on corridors owned by freight railroads; many of these corridors are facing increasing levels of congestion. This rail congestion is driven by increases in freight traffic, as well as by bottlenecks caused by aging track and signal infrastructure.

As a state transportation secretary, I am concerned about the impacts rail congestion will have on our highway system. As our rail system becomes congested and less reliable, traffic will shift to our already congested highways. Additional heavy truck traffic can take a terrible toll on our bridges and pavements. This will translate into additional costs for our already under-funded highway program.

I am also very concerned about the impacts of rail congestion on our passenger rail service. Rail capacity and congestion problems are reflected in declining trends in passenger rail on-time performance. On-time performance for all state-supported and other short distance trains for the fiscal year ending in September 2005 was 70.4 percent, a decline of 3.1 percent from fiscal year 2004. On-time performance dropped to 67.5 percent during the next four months ending in January of this year, a decline of 7.8 percent from the same time period in the prior year.

These summary numbers disguise severe problems in specific corridors. In January of this year, on-time performance for the San Joaquin Service in California was only 35.2 percent, a fall of 33.3 percent from January 2005. For the same period, on-time performance for the Cascades Service in Washington State was 50.5 percent, a drop of 27.2 percent and on the Carolinian in North Carolina it was 19.4 percent, a decline of 21.6 percent.

The members of the States for Passenger Rail Coalition do not view these capacity problems as insurmountable. We all have extensive plans to make improvements in track and signal infrastructure to allow for enhancements in passenger rail service. These improvements are designed to also address capacity issues associated with the underlying freight service provided by our host railroads.

The investments proposed by states are substantial. The American Association of State Highway and Transportation Officials' 2002 "Intercity Passenger Rail Transportation Report" documents the findings of these plans in some 35 states. The report identifies \$10.4 billion in track, signal and equipment improvements planned by states in freight corridors, which could be programmed over the next six years. The report identifies \$47 billion in state capital needs over a 20-year period. The report also recommends

substantial funding to bring the Northeast Corridor owned by Amtrak up to a state of good repair.

State plans generally focus on corridor improvements between major city pairs. These corridors are frequently in highly congested urbanized areas where rail capacity issues are most often severe for both passenger and freight operations. For example the nine -state Midwest Regional Rail Initiative Plan calls for a total of \$6.6 billion in infrastructure investment across its recommended 3,000 mile Chicago-hubbed passenger rail system. Of that total, over \$1.2 billion in investment is targeted on the highly congested area within 40 miles of Chicago. State plans identify a number of other such corridors of national significance in the Southeast, the Pacific Northwest, California, the Southwest, the Northeast and the Gulf Coast in addition to the Midwest.

Many of these plans can be implemented in the near future if fully funded. In Wisconsin, we are proposing to extend the Hiawatha Service from Milwaukee to Madison with track and signal improvements estimated at \$227 million in 2002 dollars. The project has been developed cooperatively with the Canadian Pacific Railway. We have already completed preliminary engineering and environmental work for this project and the Federal Railroad Administration has issued environmental clearance in the form of a "Finding of No Significant Impact."

Many other states have also worked cooperatively with freight railroads on similar planning and project implementation activities:

- California, Washington State and Oregon in partnership with Burlington Northern Santa Fe
- New York in partnership with the Canadian Pacific Railway
- New York, Florida, Virginia and North Carolina in partnership with CSX Transportation
- Delaware, Ohio and North Carolina in partnership with Norfolk Southern
- Oregon and Illinois in partnership with Union Pacific
- Pennsylvania in partnership with Norfolk Southern

With all of the interest on the part of the states and the general public in intercity passenger rail development -- why are we continuing to witness declining on-time performance? The States for Passenger Rail Coalition firmly believes that the missing ingredient is a reliable federal funding partner.

We believe our highly successful federal programs for highways and airports offer models for long-needed congressional action to address the critical passenger rail corridor improvement needs that have been identified by the states. Federal investment in passenger rail improvements can address freight rail capacity needs in these corridors, while at the same time showing a public transportation benefit. Action is needed now on a comprehensive federal program that provides adequate capital funding for states to address these needs.

The States for Passenger Rail Coalition is on record supporting a dedicated, multi-year federal funding program for state-supported passenger rail projects. In the past we have supported tax credit bonding authority for the states as one mechanism for insuring funding continuity for major corridor development projects, which typically take several years to complete. We are on record supporting HR-1631 The Railroad Infrastructure Development and Expansion Act for the 21st Century (RIDE 21) which provided \$12 billion in tax credit bonding authority to states.

We are encouraged by recent bipartisan Senate action on S.1516 The Passenger Rail Investment and Improvement Act of 2005. This legislation provides an authorization of \$1.4 billion in 80/20 federal/state funding to states subject to appropriation, which we believe is a good start. But more funding is required to address the national project needs that have been identified by the states and a mechanism needs to be provided to allow for the development of multi-year projects.

The States for Passenger Rail Coalition stands ready to assist the House Rail Subcommittee in developing intercity passenger rail legislation that can be acted on yet this year. Action on such a program can be a first step in addressing the national rail capacity problems that exist throughout the country.

We need to remedy the lack of balance in our federal transportation funding programs. In the 25 years before the watershed September 11 tragedy, \$782 billion was spent on transportation at the federal level: 48% for highways, 22% on aviation, 12% for ports and waterways, 12% for public transit and only 4% for rail. The need to adjust our transportation priorities is obvious.

We believe the public supports such a program. The public needs mobility alternatives to congested highways and airports. As the pump price for fuel continues to march steadily upward towards \$4 and \$5 dollars per gallon, the public's demand for energy-efficient rail service will continue to increase. From an environmental standpoint, an argument can be made that for every passenger or two who boards a train, a vehicle is taken off the road, along with that vehicle's contribution in emissions to the global warming mix.

The benefits are there -- to the general public, to the freight railroads, to the shippers they serve and to the nation's economy. What is needed now is the congressional resolve to take action.